

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **November 23, 2004**

AGENDA ITEM NO.: 10

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Public Hearing Regarding Airport Rental Car Concession Agreement and Lease**

### RECOMMENDATION:

Authorize the City Manager to execute new agreements for a period of three (3) years, with the possibility of two additional one (1) year options, with the four successful bidders for a Rental Car Concession Agreement and Lease at Lynchburg Regional Airport.

### SUMMARY:

At most commercial service airports, rental car concessions constitute a vital service to both airline passengers and the local community. At the same time, rental car services typically generate significant amounts of revenue for airports through the imposition of a 10 percent concession fee, as well as rent in the form of terminal space and rental car parking.

Since the new passenger terminal opened in 1992, Lynchburg Regional Airport has offered rental car services through three of the major rental car companies. Since 1997, however, the three companies have been operating on a month-to-month basis under terms that were generally considered favorable to the airport. This arrangement was subsequently extended following the events of September 11, 2001 due to the depressed state of the airline industry.

In light of improved airline service and increases in passenger traffic at Lynchburg Regional Airport during 2004, airport management determined that conditions had once again become favorable for re-bidding the rental car concession agreements. That process was begun earlier this year and resulted in a fall 2004 solicitation for bids from interested rental car companies. Due to the level of interest that was expressed during the solicitation process, however, a decision was made to solicit four rental car concessions at the airport. On October 28, 2004 bids were received and the winning bids were received from (in order of highest to lowest) Hertz, Avis, Enterprise, and Budget car rental companies. Airport management is recommending that an agreement between the City of Lynchburg/Lynchburg Regional Airport and each individual car rental company now be executed with an effective date of January 1, 2005.

Overall, the minimum guaranteed bid amounts received from all four companies exceeded airport management's expectations, and will result in a significant increase in rental car revenues at the airport during the next three years.

There is a statutory requirement for a public hearing prior to leasing City property.

PRIOR ACTION(S): none

FISCAL IMPACT: Minimum Annual Guarantees of \$256,060 in year 1; \$262,820 in year 2; and \$273,680 in year 3, for concession revenue. Total counter rents will increase from \$3,600 to \$25,200 per year.

CONTACT(S): Mark F. Courtney    455-6089    Airport Manager

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

## RESOLUTION

BE IT RESOLVED That the Lynchburg City Council approves Rental Car Concession Agreement and Leases by and between the City of Lynchburg and Hertz, Avis, Enterprise, and Budget rental car companies, respectively, for operation of rental car concessions at Lynchburg Regional Airport, and;

BE IT FURTHER RESOLVED That the City Manager is authorized to execute the agreements.

Adopted:

Certified:

\_\_\_\_\_  
Clerk of Council

159L